



MINUTES

**California Film Commission Board Meeting
July 29, 2011
1:30 p.m. – 3:00 p.m.
AFTRA Conference Room
5757 Wilshire Blvd.
Los Angeles, California**

COMMISSIONERS IN ATTENDANCE

Hilary Armstrong
Fred Baron
Steve Dayan
Lindy DeKoven
Ellen Goldsmith-Vein
Wendy Greuel
Milton Jacobs
Janet Knutsen
Howard Schwartz
Tommy Ross
Keith Weaver

EX-OFFICIOS/DESIGNEES IN ATTENDANCE

Jim Fitzpatrick, California Film Commission
Amy Lemisch, California Film Commission

GUESTS

Aurora Abracia, City of L.A.
Al Adams, State Fire Marshal's Office
Janice Arrington, Orange County Film Commission
Eva Bitar, City of L.A.
Sheri Davis, Inland Empire Film Commission
Erik Deutsch, Excel PR
Ed Duffy, Teamsters Local 399
Pauline East, Antelope Valley Film Commission
Ted Hiatt, L.A. Regional Small Business Development Center Network
Jenn Heater, SAG
Tony Hoffman, State Parks & Recreation
Julianne Hines, Office of Assemblymember Anthony Portantino
Leah Medrano, CFC
Ilyanne Morden Kichaven, SAG
Shannon Murphy, Office of Controller Wendy Greuel
Melissa Patack, MPAA
David Phelps, AICP
Eddie Robinson, City of West Hollywood
Nancy Rae Stone, CFC

I. CALL TO ORDER and WELCOME; INTRODUCTION OF MEMBERS/GUESTS

Meeting called to order by Vice Chairman Keith Weaver at 10:38 a.m. Mr. Weaver thanked AFTRA for the use of their conference room.

II. APPROVAL OF MINUTES

Motion to approve the Minutes from May 10, 2011 was made and unanimously approved.

III. DIRECTOR'S REPORT - Amy Lemisch

State Budget Issues

The state legislature passed an on-time budget which was signed by the Governor on June 30th. As anticipated, the CFC budget remained intact.

Outreach – Public Engagements:

May 18 – Ms. Lemisch was invited by the Hollywood Chamber of Commerce to give a briefing on the Film & TV Tax Credit Program.

June 20 – Occidental Studios – Ms Lemisch was invited to speak along with LA City Council President Eric Garcetti at the opening ceremony for the new sound stage at Occidental and Beverly.

Aug. 12 – Southern California Leadership Network seminar – Ms. Lemisch will give a presentation on California's entertainment industry

CFC Events / Marketing - 2011

June 4 & 5 – **AFCI / Produced By Conference** trade show at Disney Studios was jointly hosted by the Producers Guild and AFCI, which the CFC is a member of. The CFC purchased 4 booths to share with the FLICS. Representatives from 15 FLICS film offices participated in the booth share. As part of the conference, the Producers Guild invited California to participate as one of 8 film offices in a series of Q & A sessions with producers.

Due to the price to attend the conference, overall the attendance was lower than we experienced in the old format but the quality of attendee improved. Unfortunately very few Location Managers attended the event.

This change has made our California Locations Trade Show in April more important and is growing to become an anticipated annual event.

Media

The CFC Newsletter, given as a handout to the board, details the recent media coverage of the CFC and the LAEDC Economic Impact Report of the CA Film & TV Tax Credit Program.

June 28 – Press Conference at Disney to release LAEDC study - Assemblymember Fuentes organized a press event at Disney to announce the release of the LAEDC economic impact study. The event took place at the stages of "Body of Proof" which is a drama series that moved from Rhode Island to L.A. as a result of the tax credit program.

Legislative Update – Hearings

May 16 – Assembly Rev & Tax hearing on AB1069

(*Don Kurt, producer of "Justified" testified*). The bill passed 8 – 0.

May 27 – Assembly Appropriations Committee hearing on AB1069

The bill passed 16 – 1.

July 6 – Senate Governance & Finance Committee hearing on AB1069

Passed 9 – 0, and added several amendments - one would require the Legislative Analyst Office to conduct a study to assess the economic impact by the productions that have received a tax credit and would require the CFC to share application materials with the Legislative Analyst Office.

Several representatives from the industry provided testimony at these hearings – union reps, small business owners, producers. **This is the first tax credit to be supported by the California Labor Federation.**

July 15 – Aug 14 – Legislative recess

Aug 26 – last day for fiscal committees to hear bills

Sept 9 – last day for each house to pass bills

Next hearing: Senate Appropriations Committee

Tax Credit Program Progress Report YTD

Will be submitted to BTH Agency Secretary

On June 1 we began accepting applications for this fiscal year's allocations. We received 176 applications on June 1st and used our random lottery to assign queue numbers to establish the order for processing. This lottery process went very smoothly and applicants were notified of their status within 24 hours.

To date, we have issued Credit Allocation Letters to 18 projects. An additional 11 projects are being processed for allocation. Once processed, these 29 projects will exhaust our \$100 million in fiscal year funding.

Estimated aggregate spending by the 29 projects is \$740 million, with \$262 million attributed to below-the-line wages.

We require an estimate of cast and crew hires from each applicant:

2967 crew; 3058 cast

There are approximately 140 projects on the waiting list. Monitoring the status of wait listed projects to track when they leave the state.

Updated stats

To date, approximately \$400 million in tax credits have been allocated (reserved) resulting in:

- Estimated total aggregate direct spending by Program projects: \$2.8 billion
- Estimated total wages paid / to be paid by Program projects: \$1 billion

Recently released incentive program projects:

William & Kate – Lifetime movie

Friends with Benefits

Bad Teacher

Bridesmaids

Larry Crowne

Horrible Bosses

2 TV projects relocated from out of state this year: "Body of Proof", "Reed Between the Lines"

IV. OPERATIONS REPORT - Jim Fitzpatrick

Ordinances reviewed since last meeting:

Cities of Huntington Beach and Santa Clara. Discussed objections to Colusa Ordinance re: demand for credits as a condition for granting permits.

New Regional Film Partners:

City of Huntington Beach in Orange County.

Revised Regional Film Partners:

City of San Diego now has three people working in its office which has moved.

Oakland reduced budget, Amy Zins retired, Janet Austin still working.

Humboldt County will also administer Del Norte County Film Commission (pending).

Many Regional Film Partners continue to face budget cuts.

State Properties:

Nelles—fire danger closed facility for month of June. Two productions donated crews to weed abatement and removal in July so facility is now open for business. Escrow will continue for another 18 months.

Nelles continues to be a very busy site with many permit applications. Water truck and Fire Safety Officer still required at facility.

Parks—slated to close 70 parks starting in October but many on the closure list do not show a history of filming permits.

Caltrans—Research at many vacant houses conducted by Caltrans, CFC and SFM to determine viability for safe filming, still under evaluation. CFC participated in several meetings and conference calls to finalize MOU with Caltrans and CHP, amended language being drafted. Angeles Crest Highway opened in June for filming, MPAA sponsored exemption (AB 1361 in 2009) for film trucks transit which allows access to many sites. Some state highways with easements subject to additional fees; e.g., Pacific Lessors on PCH near Point Magu, Inyo National Forest on Hwy 395 in Inyo County.

Corrections—Filming possibilities on case-by-case basis.

Metropolitan State Hospital - filming limited; filming possibilities on case-by-case basis.

Filming Issues

CFC participated in Fire Safety Training conducted by SFM, Al Adams July 12th in Burbank. Next training scheduled for Sept. in Sacramento. Deputy Director Fitzpatrick attended Safety Advisory for Fire and Effects (SAFFE) quarterly meeting at Chapman College in Orange County and toured facility.

CFC continues to attend LA County Film Permit Fees meetings, LA Co. Fire Dept stakeholders meetings and LA City Film Task Force meetings.

Production Alerts issued—Freeway and Highway Updates on 105 near LAX, 47/103/Heim Bridge in Long Beach, Summer moratorium on Highway 1 in Monterey Co and 405 Moratorium (Carmageddon).

Unmanned Aircraft Systems (remote controlled devices) not sanctioned by FAA which is considering new regulations for certification and operation.

Federal Issues— Land use: California Energy Commission and BLM still proposing or allowing consideration of solar and wind power sites on or near traditional film sites such as Trona Pinnacles near Ridgecrest in Kern County.

V. Presentation of LAEDC Economic Impact Study on the Film Tax Credit Program - Christine Cooper, Director, Economic and Policy Analysis Group

Christine Cooper gave a presentation on the LAEDC Economic Impact Study on the California Film & TV Tax Credit Program. Some of the findings from the study included:

California Film Industry

- ❖ CA accounts for less than 12 percent of national employment but almost 39 percent of employment in this industry.
- ❖ Almost 92 percent of the goods and services purchased by the industry are sourced within the state.
- ❖ The film industry sent \$15.4 billion on goods and services in CA in 2009

Tax Credit Program

During the first two years of the program:

- ❖ 77 productions qualified for tax credit allocations.
- ❖ These productions are estimated to have generated 20,000 jobs including retail, real estate, health care, accommodation and food with \$1.4 billion in labor income statewide.
- ❖ For every tax credit dollar approved under the program, at least \$1.13 in tax revenue will be returned to state and local governments.
- ❖ Additional impacts from film related tourism may be significant.

For each tax credit dollar allocated:

- ❖ Value of economic output increases by \$20.11
- ❖ State GDP increases by \$8.48
- ❖ Labor income increases by \$7.41
- ❖ \$1.06 is returned to local and state governments in initial revenue

Suggested Amendments to program include Big Budget and Network Series:

- ❖ Larger productions have larger impacts; if the program were to cap the credits but allow the productions to qualify, this may encourage some productions to stay in CA.
- ❖ Many network series are long-running; local businesses will benefit over time.

VI. NEW BUSINESS – Keith Weaver

None

VII. PUBLIC COMMENT

None

VIII. BOARD MEETING SCHEDULE FOR 2011

Nov. 4, 2011

IX. ADJOURNMENT – Keith Weaver

The meeting was adjourned at 2:50 p.m.